



MICHIGAN STATE EMPLOYEES RETIREMENT SYSTEM

Pension Actuarial Valuation Results
as of September 30, 2006



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Actuarial Valuation Process

Member Data

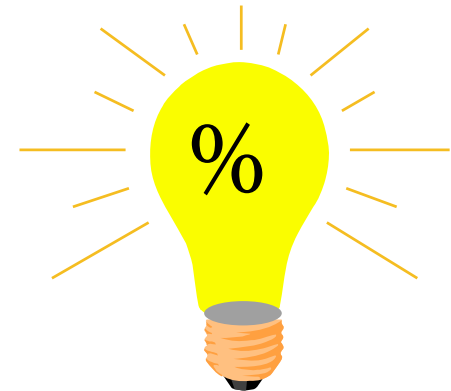


Financial Data



**Actuarial
Valuation**

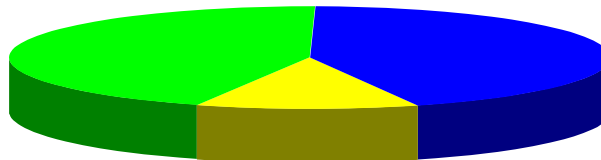
Actuarial Assumptions



Plan Provisions



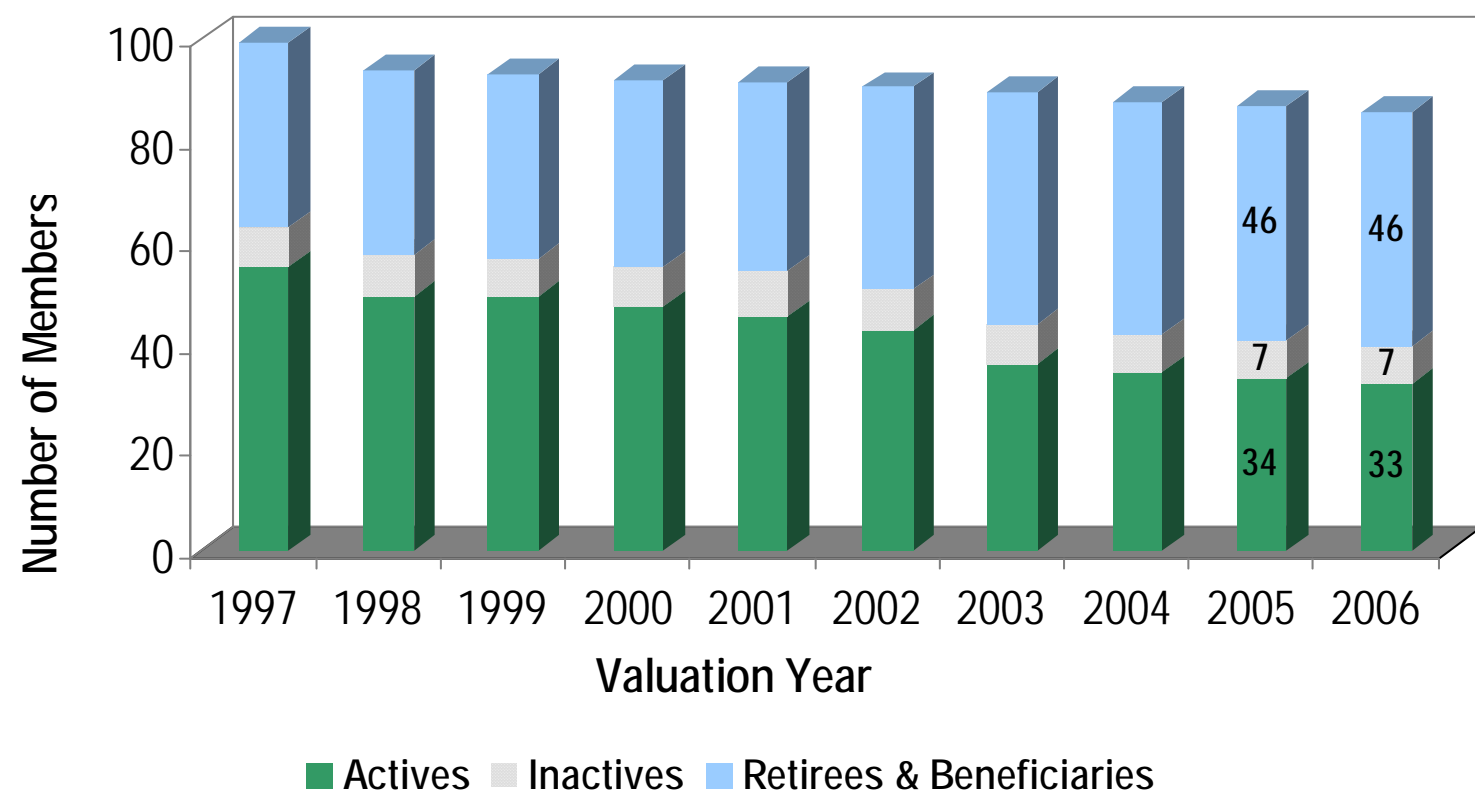
Actuarial Cost Method





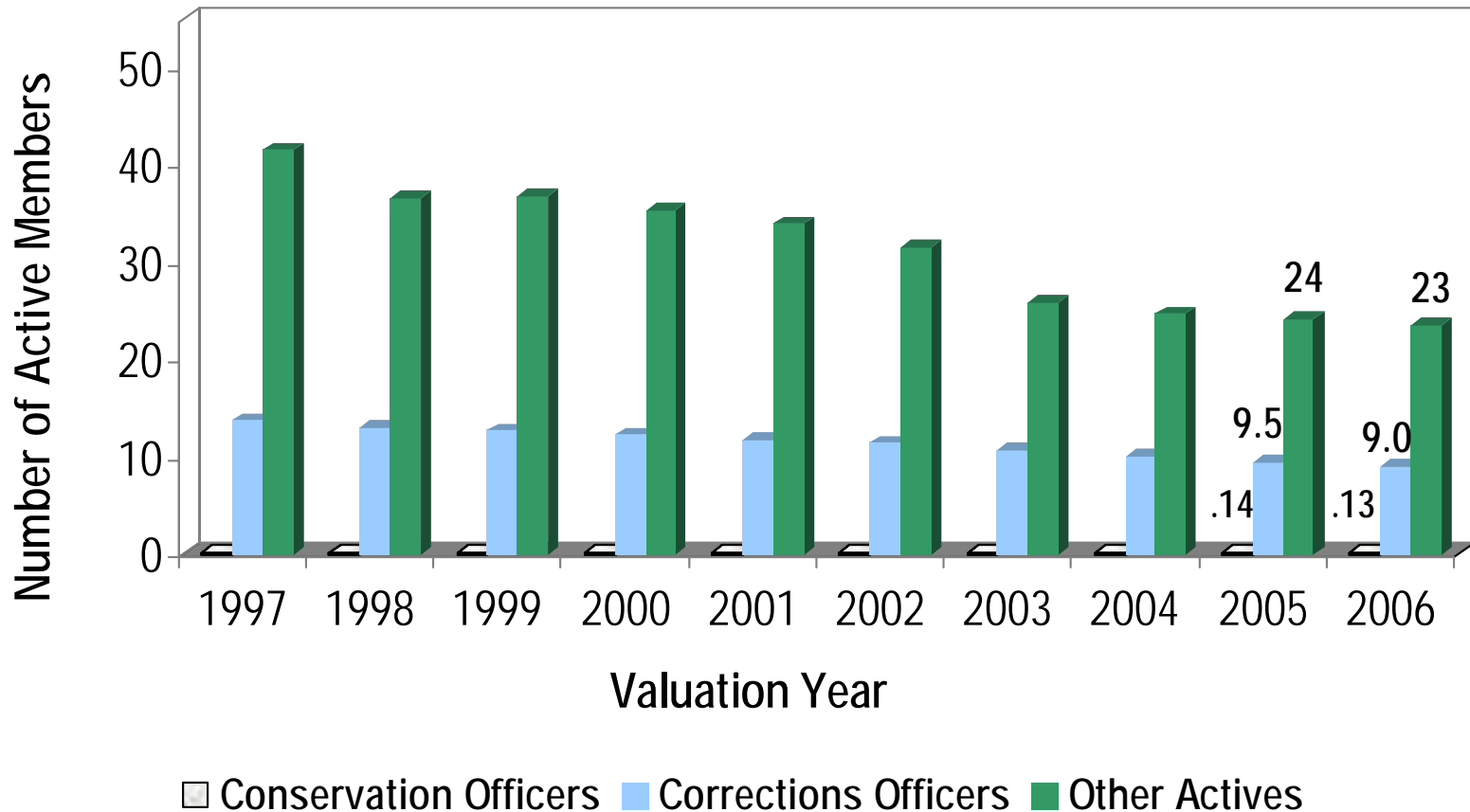
Membership Data

(Counts in Thousands)



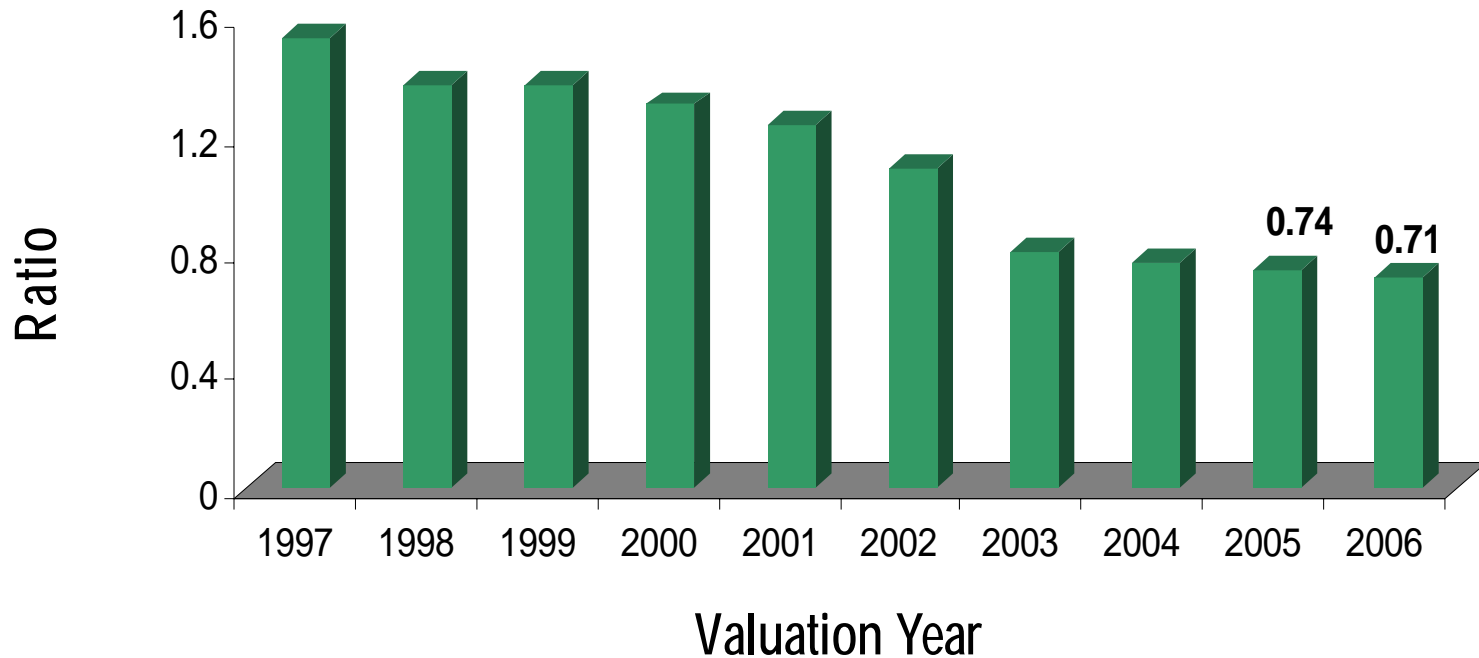
Active Members by Classification

(Counts in Thousands)



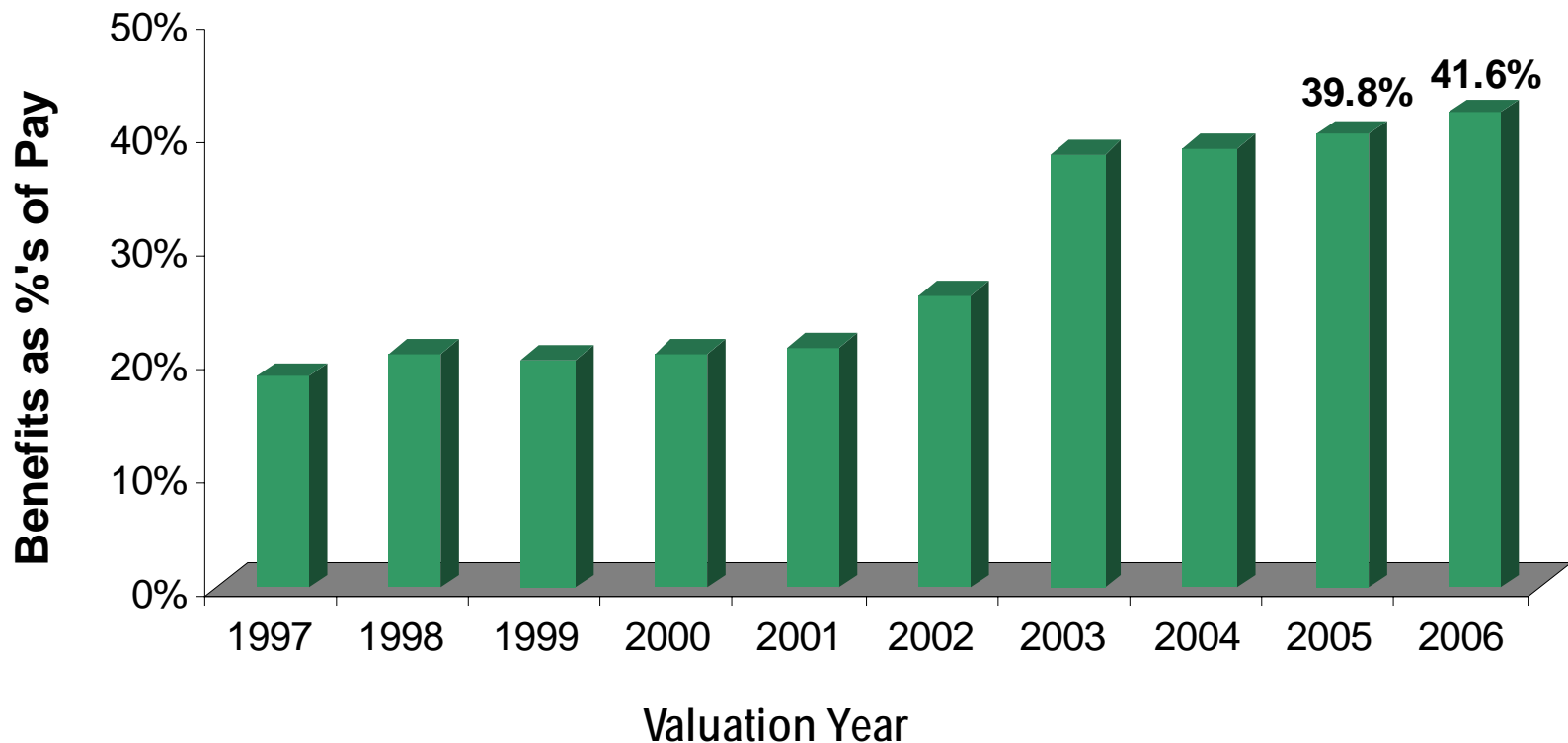


Ratio of Active Members to Pension Benefit Recipients



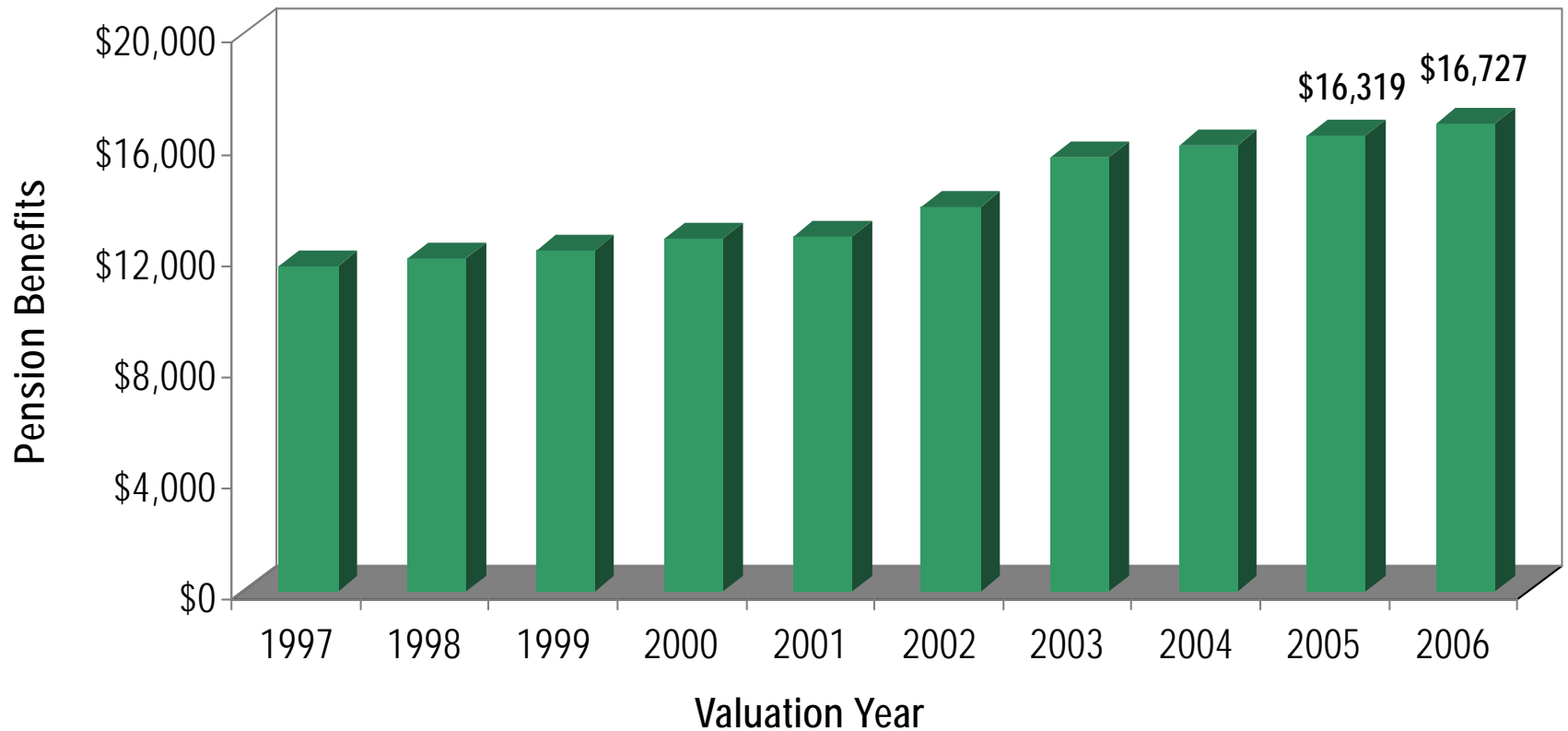


Pension Benefits Expressed as %'s of Active Member Pay





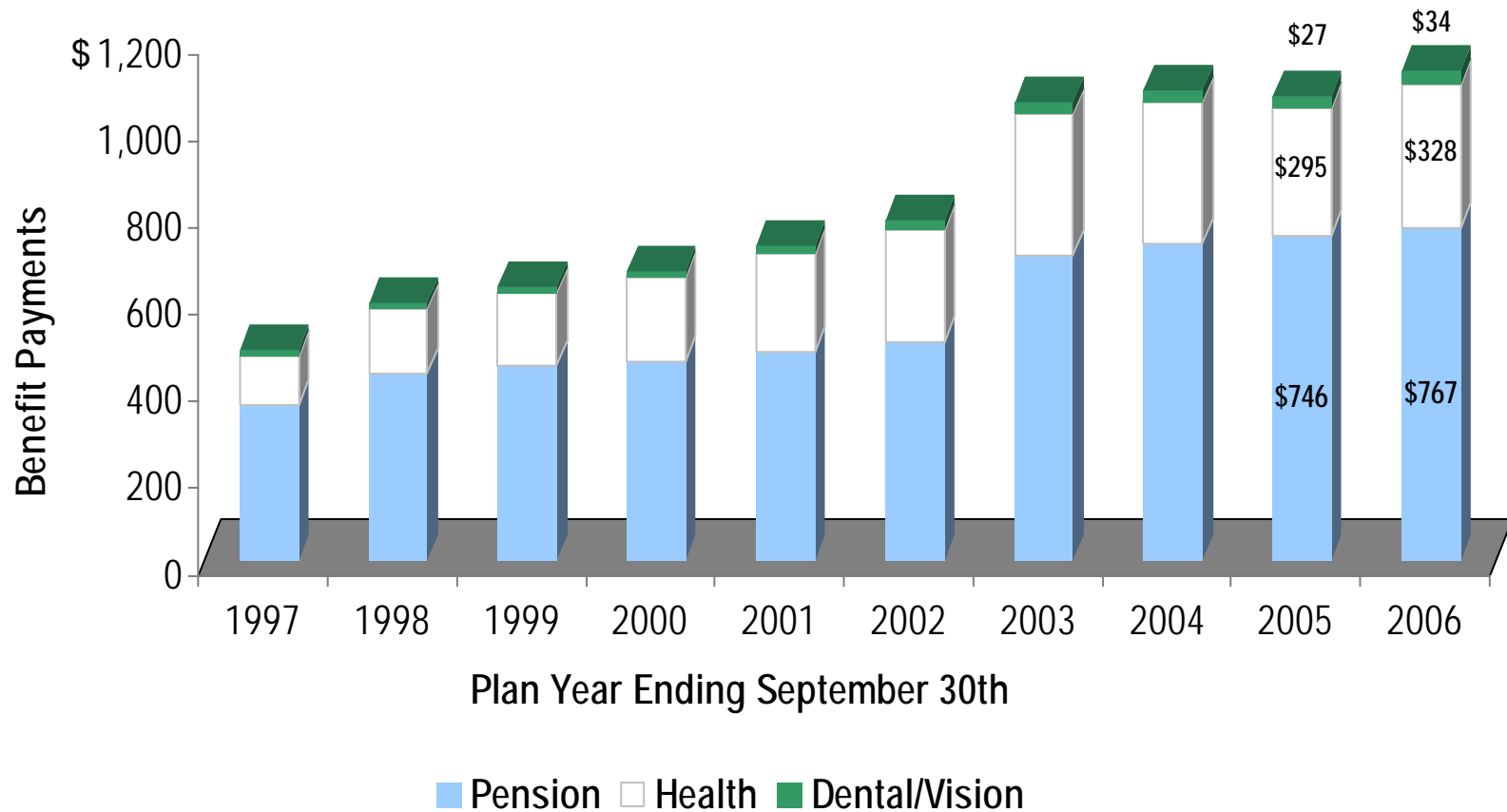
Average Annual Pensions





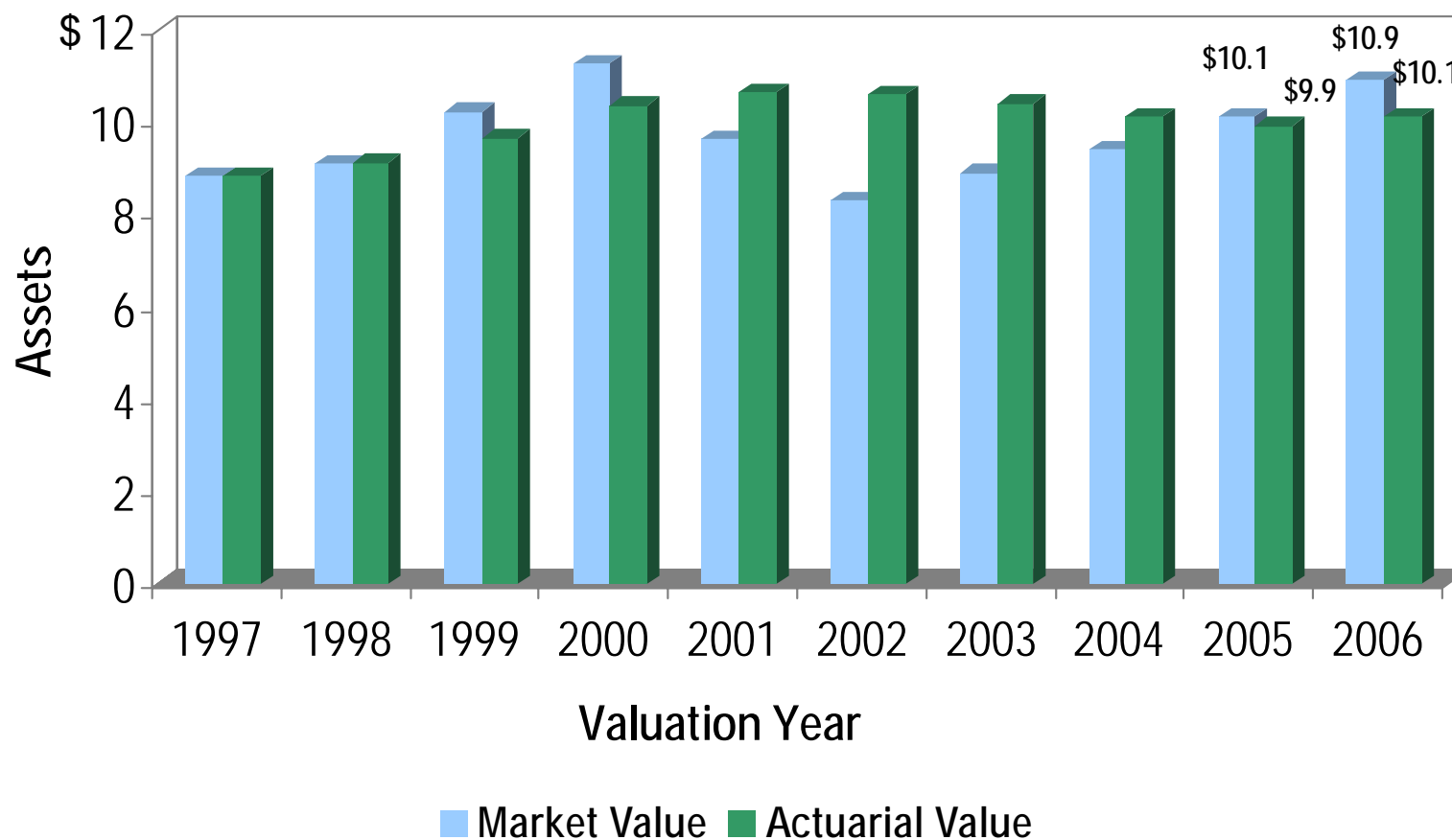
Benefit Payments

(Amounts in Millions)

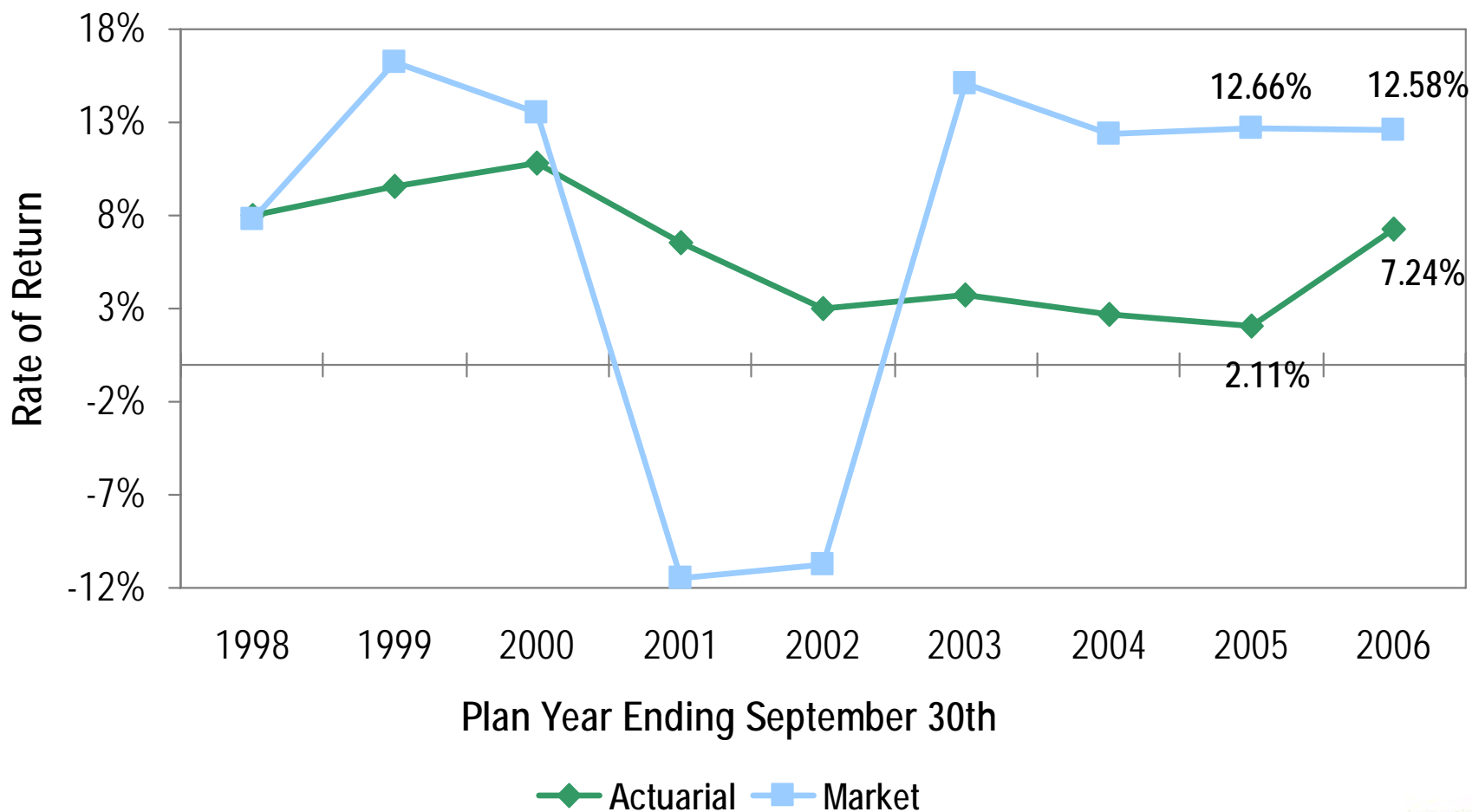


Growth of Pension Assets

(Amounts in Billions)



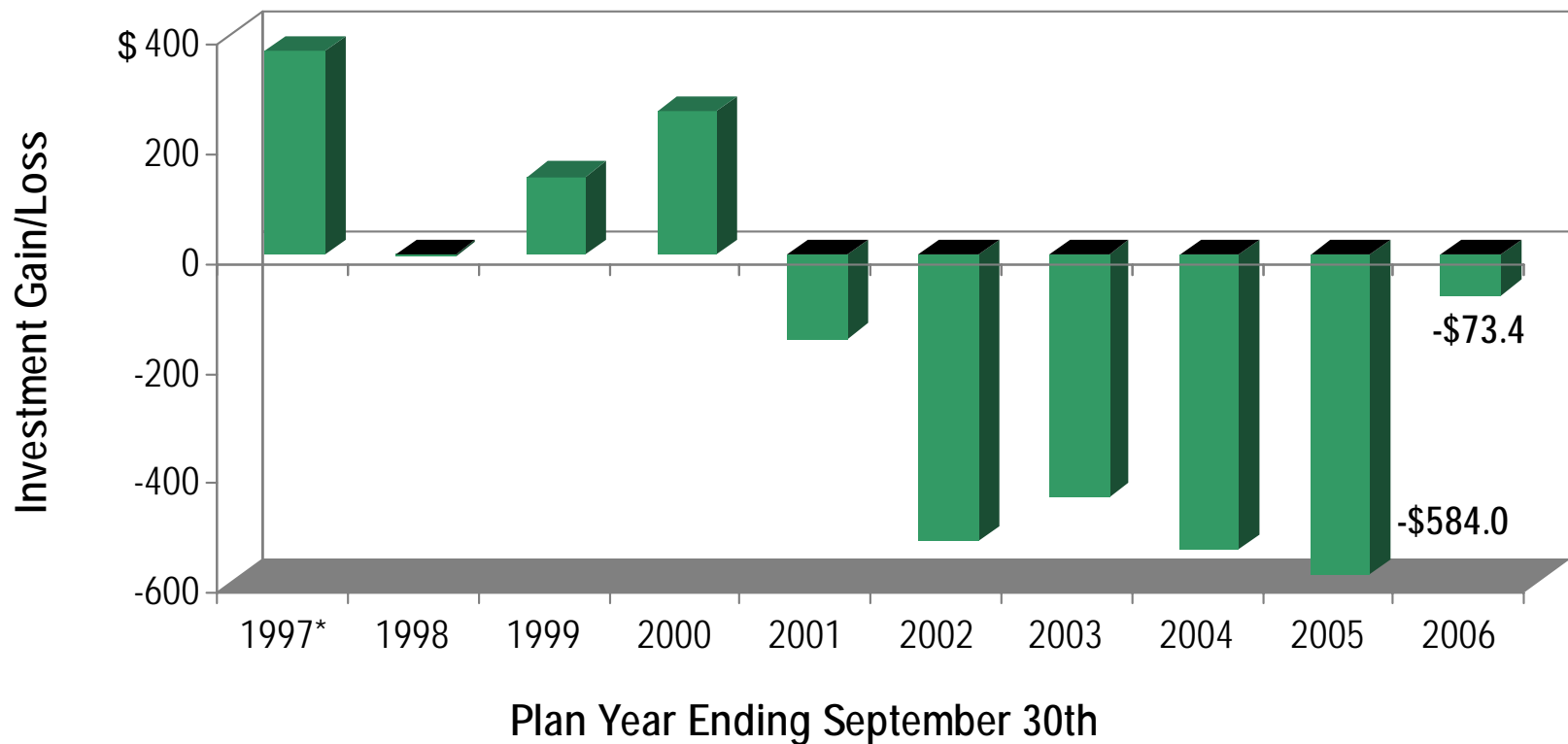
Actuarial & Market Net Rates of Return





Investment Gain/Loss

(Amounts in Millions)

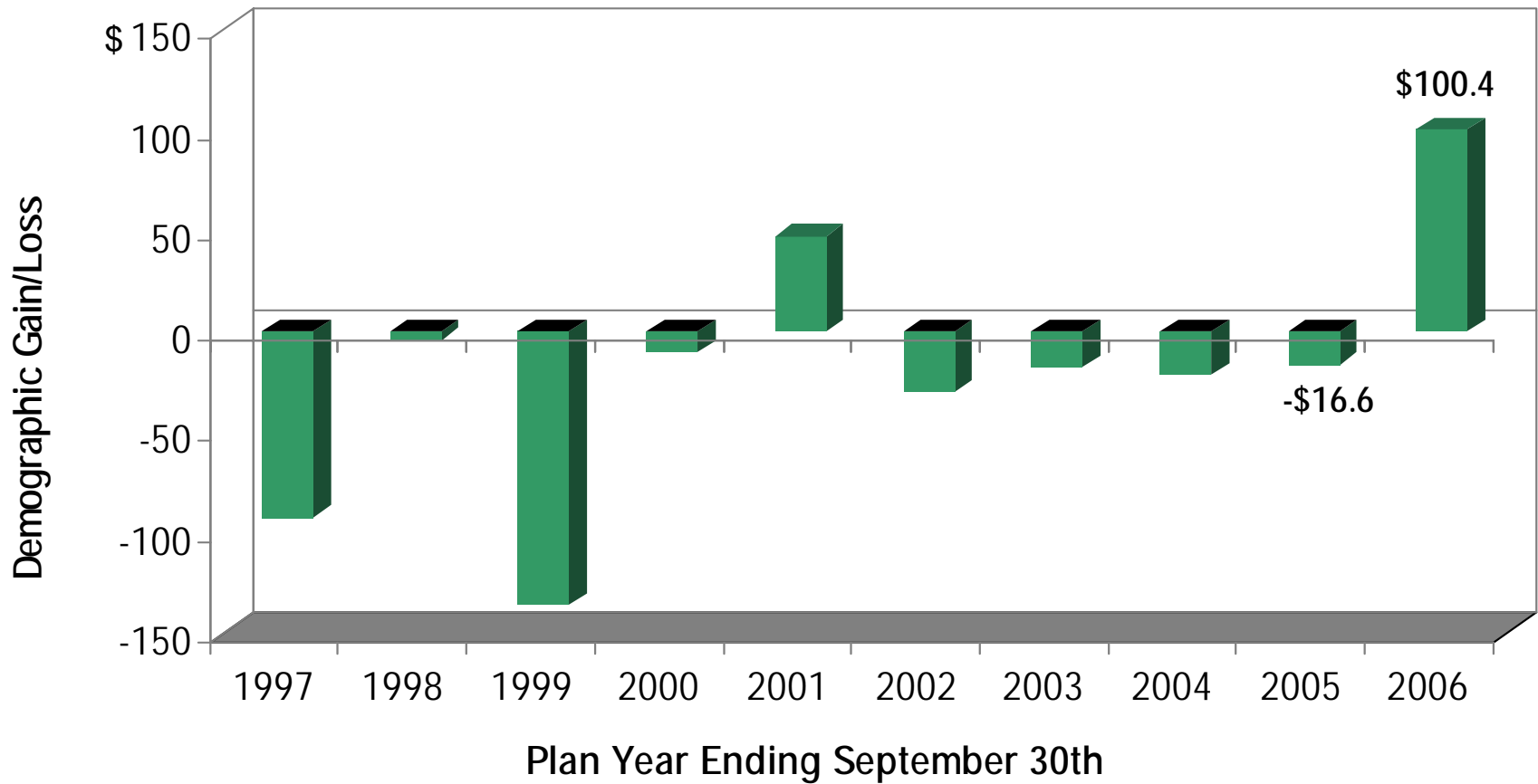


* Plus an additional \$1,318.6 for 1997 due to write up to market



Demographic Gain/Loss

(Amounts in Millions)



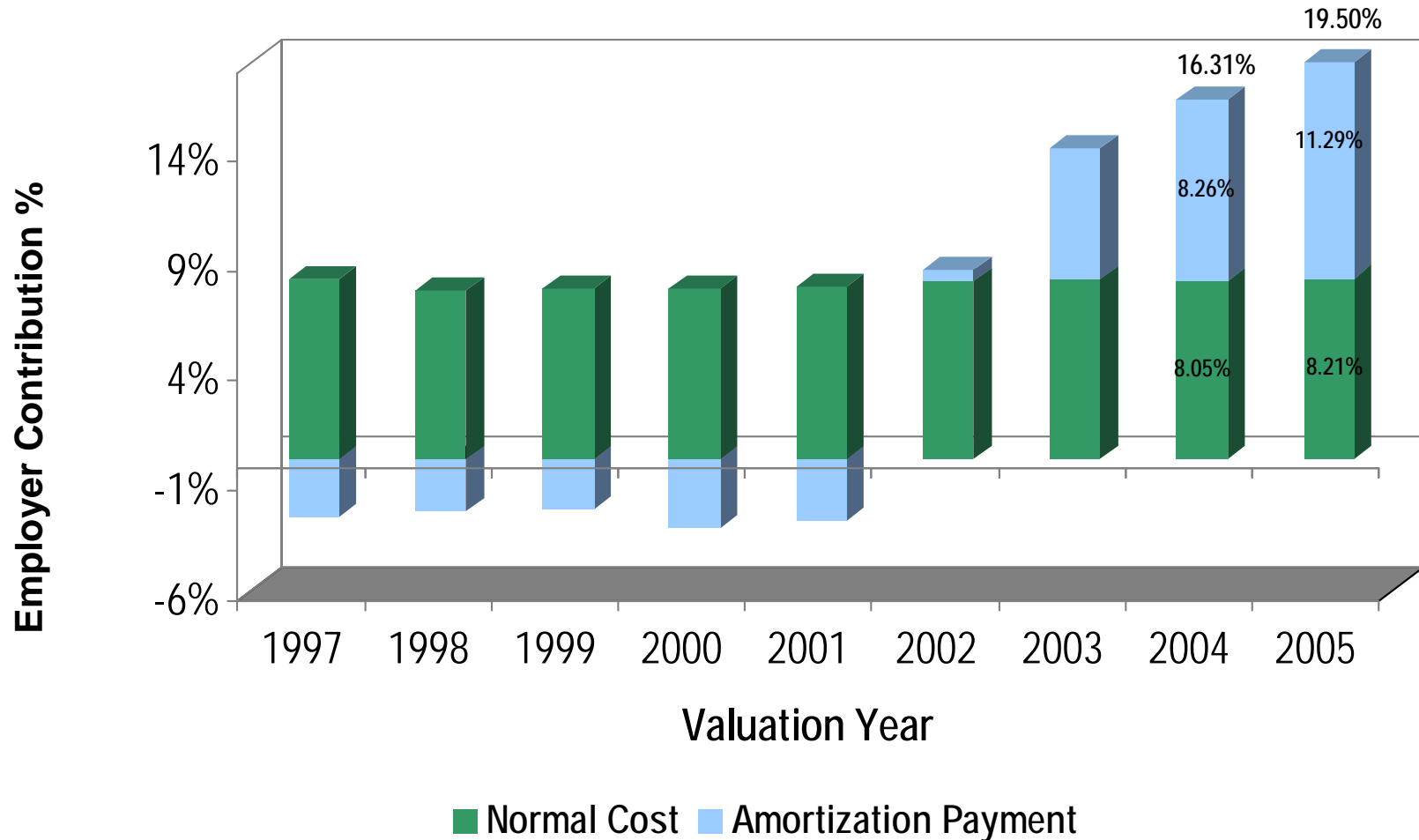


Gain/(Loss) by Type of Activity

(Amounts in Millions)

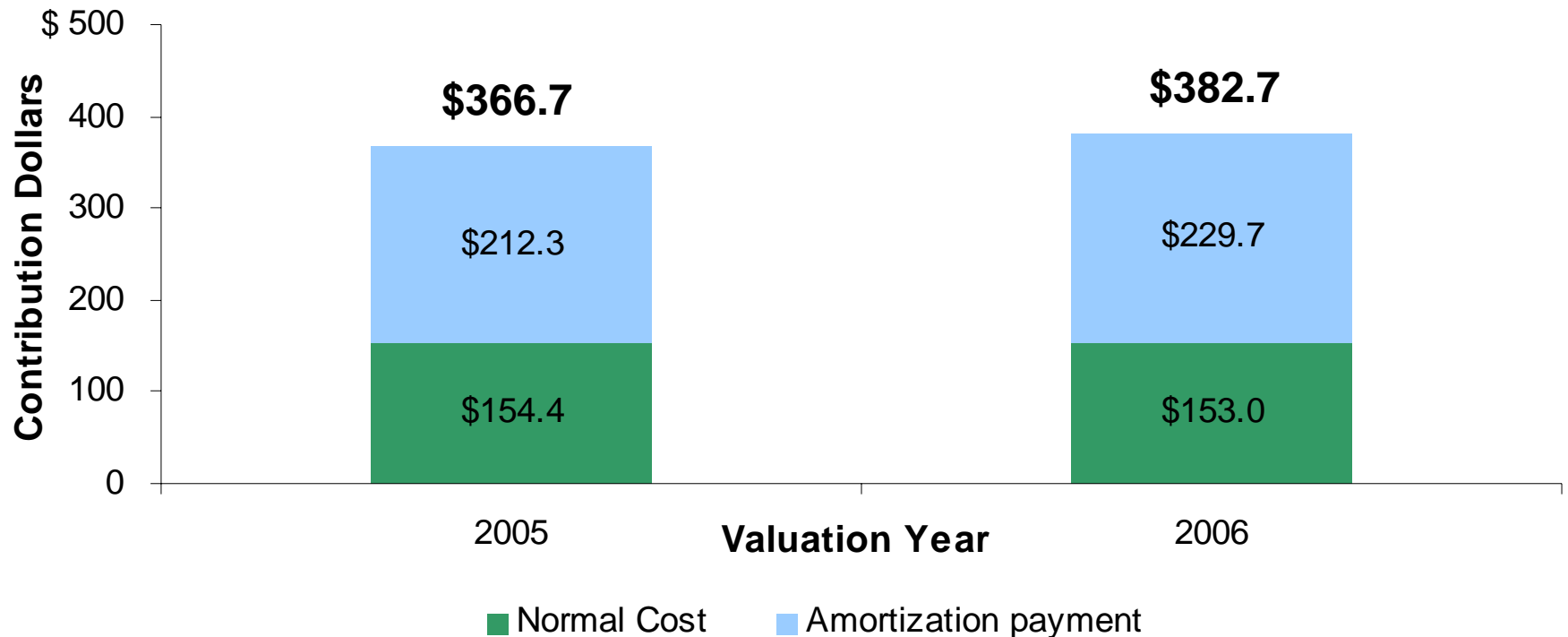
Plan Year					
Ending 9/30	2006	2005	2004	2003	2002
New Entrants	\$(20.89)	\$(37.78)	\$(10.66)	\$(7.14)	\$(6.44)
Retiree Deaths	2.57	(43.76)	(26.83)	(34.72)	(13.00)
Investments	(73.43)	(583.96)	(538.73)	(442.91)	(523.56)
Pay Increases	80.54	57.58	(3.58)	30.43	75.82
Withdrawal	(2.24)	(3.11)	29.54	(7.51)	16.86
Retirements	8.72	28.12	(29.81)	(0.11)	(102.70)
Other	31.68	(17.62)	19.92	1.06	(0.51)
Total	26.95	(600.53)	(560.15)	(460.90)	(553.53)

Historical Employer Contribution %'s Valuation as of September 30

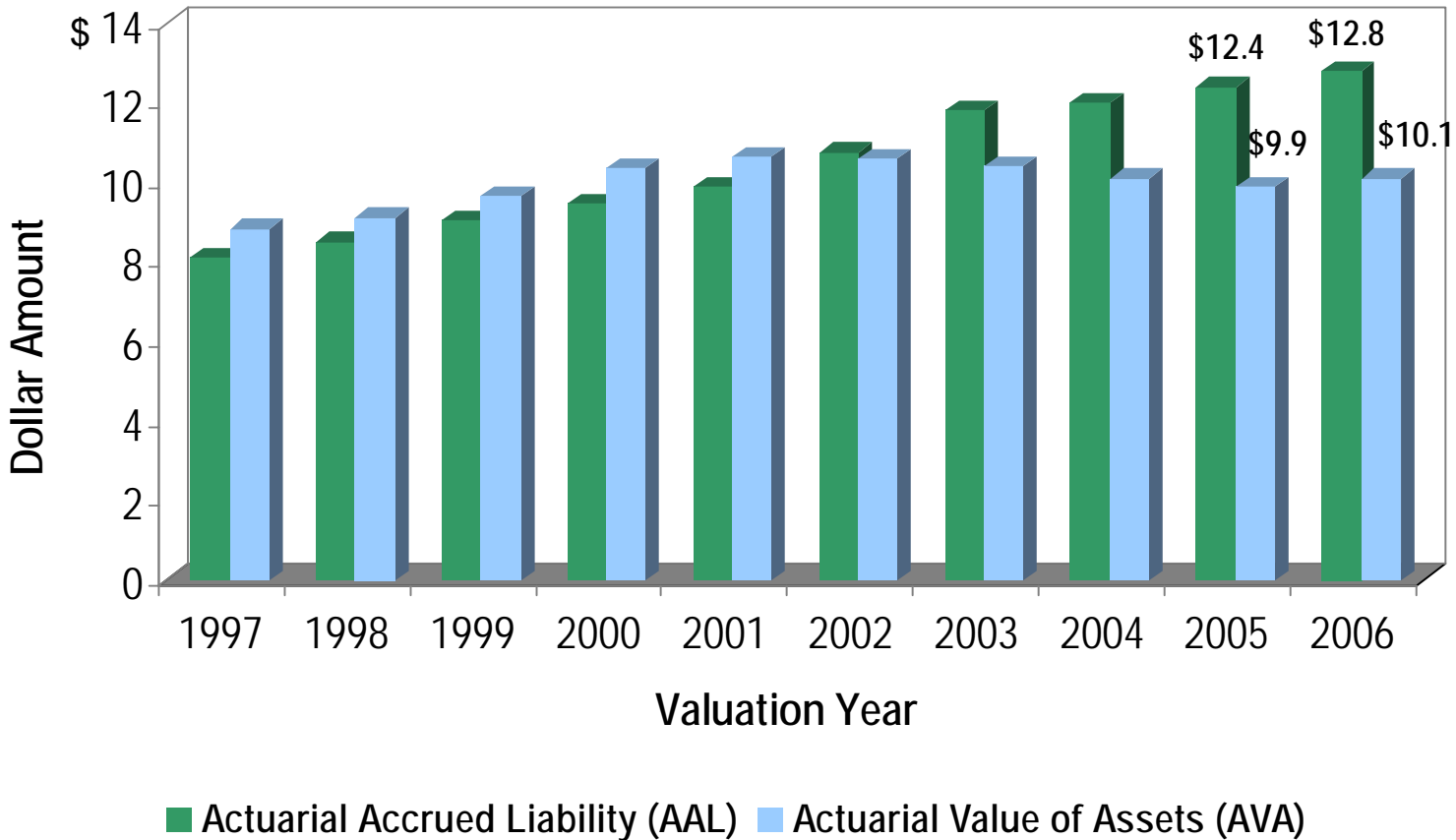




Employer Contribution Dollars (in Millions) Valuation as of September 30



Actuarial Accrued Liability Compared to Actuarial Value of Assets (in Billions)



Retirement System Funded % Based on Actuarial Value and Market Value of Assets

